

Kentucky Teachers' Retirement System

Quarterly Investment Update

For the period ended June 30, 2014

(\$ in millions)	Market Value (\$ Millions)	QTD	Fiscal Y-T-D	1-Year ⁽²⁾	3-Years ⁽²⁾	5-Years ⁽²⁾	10-Years ⁽²⁾	20-Years ⁽²⁾
Total Fund								
KTRS	18,034.8	3.9%	18.1%	18.1%	11.3%	13.7%	7.2%	8.2%
Policy Index ⁽¹⁾		4.0%	17.6%	17.6%	11.0%	13.3%	-	-
Equities								
Domestic Equities	7,985.5	5.1%	26.3%	26.3%	16.8%	19.4%	8.3%	10.2%
S & P Blended Index ⁽³⁾		5.1%	24.7%	24.7%	16.5%	19.2%	8.0%	9.9%
International Equities ⁽⁴⁾	3,411.4	4.5%	22.9%	22.9%	7.4%	12.9%	-	-
MSCI EAFE		4.3%	24.1%	24.1%	8.6%	12.3%	-	-
MSCI AC World (Ex US)		5.3%	22.3%	22.3%	6.2%	11.6%	-	-
Total Equities	11,393.9	5.0%	25.2%	25.2%	14.3%	17.7%	7.7%	9.9%
Fixed Income								
Total Fixed Income	3,595.0	2.0%	4.8%	4.8%	5.0%	6.3%	5.8%	6.6%
Barclays Govt/Credit Index		1.9%	4.3%	4.3%	4.1%	5.1%	4.9%	6.2%
Real Estate								
Non-Core Real Estate	127.3	4.3%	21.6%	21.6%	18.3%	-	-	-
NCREIF Index		2.9%	11.2%	11.2%	11.3%	-	-	-
Core Real Estate	223.2	2.5%	13.8%	13.8%	12.7%	7.5%	-	-
NCREIF ODCE		2.9%	12.8%	12.8%	12.5%	10.0%	-	-
Triple Net Lease	382.5	2.2%	6.6%	6.6%	7.7%	7.8%	8.6%	9.0%
CPI plus 2%		1.4%	4.1%	4.1%	3.9%	4.1%	4.4%	4.4%
Alternative Investments								
Private Equity ⁽⁵⁾	457.4	5.3%	18.6%	18.6%	12.2%	15.5%	-	-
Timberland	186.5	0.4%	-1.0%	-1.0%	3.2%	2.3%	-	-
NCREIF Timberland Index		1.1%	9.9%	9.9%	6.7%	3.3%	-	-
Cash								
Cash (Unallocated)	420.3	0.0%	0.1%	0.1%	0.1%	0.1%	2.0%	3.2%
90 Day T-Bill		0.0%	0.0%	0.0%	0.1%	0.1%	1.6%	2.8%

⁽¹⁾ Prior to July 1, 2008, KTRS did not benchmark overall fund performance. Effective July 1, 2008, the Board of Trustees approved a Policy Index which represents the returns of appropriate benchmarks for the various asset classes weighted by the mid-point of the strategic range for the current fiscal year.

⁽²⁾ Annualized

⁽³⁾ Total Domestic Equity is benchmarked to a S&P Blended Index. Total domestic equity was benchmarked to the S&P 500 through the fiscal year ending 6/30/2007. As of 7/1/2007, domestic equity is benchmarked to the S&P 1500 Index since the System's domestic stock mix is most comparable to this index.

⁽⁴⁾ As of 06/30/14 18.2% of Total International Equities were invested in emerging markets.

⁽⁵⁾ For a period of five years private equity investments will be benchmarked against their own returns. The primary reason for this is that these investments have a minimum investment horizon of ten years and there is no market benchmark that would be expected to track these types of assets in their early years. Beginning five years after the first capital call, investments in this class shall be benchmarked versus the S & P 500 plus 3%, which is the System's long-term expected return for this asset class.

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Additional Categories								
High Yield:								
High Yield Bond Fund	320.2	2.2%	11.0%	11.0%	9.1%	-	-	-
B of A Merrill Lynch High Yield Master II		2.6%	11.8%	11.8%	9.3%	-	-	-
Alternative Credit:								
KTRS Credit Fund	277.6	2.6%	14.1%	14.1%	-	-	-	-
Avenue Special Situations Fund VI	111.6	2.2%	15.1%	15.1%	5.8%	-	-	-
Oaktree Opportunities IX, LP	33.5	5.4%	11.2%	11.2%	-	-	-	-
AG Select Partners Advantage Fund, L.P.	8.3	3.5%	-	-	-	-	-	-
B of A Merrill Lynch High Yield Master II		2.6%	11.8%	11.8%	9.3%	-	-	-
Shenkman Capital Management	263.6	1.4%	6.6%	6.6%	-	-	-	-
Highbridge Principle Strategies III	31.7	1.4%	8.6%	8.6%	-	-	-	-
Golub Capital Pearls 11	63.2	1.5%	-	-	-	-	-	-
Oaktree European Dislocation Fund, L.P.	4.6	6.7%	-	-	-	-	-	-
Marathon European Cr Opport. Fund II	33.7	-0.9%	-	-	-	-	-	-
S & P LSTA Leverage Loan Index		1.4%	5.6%	5.6%	-	-	-	-
Non-US Dollar Fixed Income								
Rogge Global International Fixed Income	100.7	4.2%	10.0%	10.0%	-	-	-	-
Barclays Global Aggregate ex USD 25% EUR 25% JPY Index		3.2%	9.5%	9.5%	-	-	-	-